

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 968 – HB 1164

April 3, 2017

**SUMMARY OF ORIGINAL BILL:** Requires the Department of Agriculture (DOA) to calculate industrial hemp and permit fees as other fees and programs administered under the Tennessee Agricultural Regulatory Fund laws.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

**SUMMARY OF AMENDMENTS (006216, 006591):** Amendment 006216 deletes all language after the enacting clause. Requires the Department of Agriculture (DOA) to register landrace varieties of industrial hemp. Establishes that non-viable industrial hemp or any product made from such hemp procured through a licensed grower or processor or in accordance with DOA rules shall not be considered marijuana. Redefines the meaning of industrial hemp to include plants and plant parts, grown from seed or propagules derived from landrace varieties of industrial hemp. Requires DOA to promulgate rules including rules establishing reasonable fees for industrial hemp license to implement and administer an industrial hemp program on an ongoing basis.

Amendment 006591 deletes and rewrites the language in amendment 006216 to define industrial hemp to include any industrial hem-derived products that do not contain more than three tenths of one percent (0.3%) of delta-9-tetrahydrocannabinol in a topical or ingestible consumer product.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:**

**Increase State Revenue - \$4,500/Agriculture Regulatory Fund**

Assumptions for the bill as amended:

- Each hemp licensee under the Industrial Hemp Program currently has the following annual fees: an application fee of \$250, and an acreage fee of \$2 for each acre intended to be grown. In addition, each grower is inspected at least once each year and may be

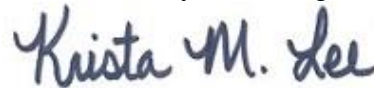
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subject to sampling. The inspection fee is \$35 an hour, and sampling and testing fees are \$175 per sample.

- Total fee collections were \$29,344 in 2015 and \$28,822 in 2016.
- The bill as amended requires a registration application and an approval process for non-certified, landrace industrial hemp seed and propagules.
- Based on information provided by DOA, total fee collections per registrant, including application, acreage, sampling and testing fees, are estimated to be \$450.
- It is estimated that the Department will register 10 varieties of non-certified, landrace industrial hemp seed and propagules each year. The number of persons who grow or process such industrial hemp and who will become registered as a result of this bill as amended is unknown. However, it is reasonably estimated that DOA will register ten new growers and producers each year.
- The recurring increase in state revenue to the Agriculture Regulatory Fund is estimated to be \$4,500 (\$450 fee x 10 applications).
- Based on information provided by DOA, it is estimated that any increase in expenditures associated with additional registration requirements will be not significant.
- Tennessee Code Annotated § 43-26-103 prohibits any person from possession of industrial hemp without a license. Any industrial hemp in such person's possession shall be considered marijuana under Tenn. Code Ann. § 39-17-415.
- The proposed legislation creates an exception for an unlicensed person to possess nonviable industrial hemp.
- It is Fiscal Review Committee staff's understanding that nonviable industrial hemp is incapable of germination, and, therefore producing other hemp plants.
- It is assumed that the exception created by the proposed legislation will not significantly impact state or local incarceration from the decriminalization of possessing nonviable industrial hemp without a license.
- It is assumed that the proposed legislation will not significantly impact the caseloads of the courts, public defenders, or district attorneys.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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